

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: April 18, 2007

Bill Number: H.B. 3390

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Committee Requesting Impact: House Ways & Means Committee

Bill Summary

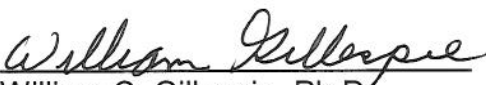
To amend the Code of Laws of South Carolina, 1976, by adding Section 12-6-3588 so as to allow a state income tax credit equal to twenty percent of the qualified expenditures of photovoltaic, solar, and fuel cell property credits allowed against a taxpayer's federal income tax liability.

REVENUE IMPACT ^{1/}

This bill is expected to reduce General Fund revenue by \$8,230 in FY2007-08.

Explanation

This bill would add Section 12-6-3588 allowing a state income tax credit to taxpayers who are eligible for and claim the federal residential energy efficient property credit pursuant to IRS Code Section 25D. The state income tax credit is equal to twenty percent of the federal income tax credit. The federal residential energy efficient property credit is equal to thirty percent of the costs of purchasing and installing qualified solar electric, solar water heating, and fuel cell property. The federal credit is limited to \$2,000 for solar electric and solar water heating property. According to solar installation data available through the State Energy Office, twenty eligible solar electric and solar water heating systems were put into operation in South Carolina in 2006. There are no known fuel cell property installations in South Carolina. Based upon cost estimates supplied by solar energy installers, we expect that the amount of federal credits that will be claimed for these eligible solar energy installations will total \$41,150. A twenty percent state income tax credit against \$41,150 equals \$8,230. We expect that the same number of eligible solar energy systems will be installed in 2007. We therefore estimate that \$8,230 in state income tax credits will be claimed in FY2007-08, reducing General Fund revenues by an estimated \$8,230 in FY2007-08.


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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.